

**4850.0011 DEFINITIONS.**

Subpart 1. **Academic year.** "Academic year" means:

A. a period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of at least two semesters, two trimesters, or three quarters at an eligible school using credit hours; or

B. at least 900 clock hours of training for a program at an eligible school using clock hours.

A student may borrow for a portion of the academic year, or for all of it (see "loan period").

Subp. 2. **Anticipated graduation date.** "Anticipated graduation date" means the date indicated by the eligible school at the time the student applies for a SELF loan, as the date that the student will graduate given the enrolled program and normal satisfactory academic progress.

Subp. 3. [Repealed, 20 SR 2214]

Subp. 4. **Capitalized interest.** "Capitalized interest" means accrued interest that is added to the outstanding loan principal.

Subp. 5. **Certificate or degree.** "Certificate" or "degree" means a written or printed statement of the fact that the holder has met the eligible school's minimum requirements for completion, and certifies a minimum mastery of the subject matter for a particular academic or vocational program.

Subp. 6. **Certification.** "Certification" means an eligible school verifies and documents the identity, eligible enrollment, satisfactory academic progress, and cost of attendance of the borrower; performs the "maximum effort" test; and calculates the maximum allowable SELF loan eligibility and recommends a specific loan amount. The school also shall determine whether or not the student is in default of previous loans through:

A. checking loan history at the school;

B. checking an available financial aid transcript from a school previously attended by a borrower who is a transfer student; and

C. using any other information reasonably available to the school about the student's prior student loan history, written, verbal, or electronic.

Subp. 7. [Repealed, 20 SR 2214]

Subp. 8. **Cost of attendance.** "Cost of attendance" includes:

A. tuition and fees charged for the loan period;

B. room and board charged for the loan period, or a reasonable allowance as determined by the school, for off-campus living; and

C. a reasonable allowance as determined by the school for books, supplies, transportation, and personal expenses.

Subp. 9. **Creditworthy cosigner.** "Creditworthy cosigner" means one who, based on either information provided by a national credit bureau or information available to the office, has:

- A. no account balances discharged through bankruptcy;
- B. no garnishments, attachments, foreclosure, repossession, or suit;
- C. no more than \$300 combined total in unsatisfied credit or unsatisfied payment obligations including, but not limited to, charged-off loans, credit, medical, utility accounts, collection items, and tax or mechanics liens;
- D. no more than five percent of total credit bureau balances past due, unless the amount past due is \$300 or less;
- E. no current delinquency on any loan payments to the office;
- F. no defaulted loan with the office which has not been paid in full in accordance with the requirements of the office; and
- G. a required credit score, if established, under part 4850.0013.

Subp. 10. **Cosigners.** All SELF borrowers shall have a creditworthy cosigner who is either a United States citizen or a permanent resident. The cosigner is jointly and separately responsible for making loan payments (principal, interest, and other charges). A cosigner must:

- A. be a person at least 24 years old or if a sibling (sister, brother, half-sister, half-brother, stepsister, or stepbrother) of the borrower be at least 18 years old;
- B. agree to the release of information to a consumer credit reporting agency, as described in part 4850.0012, subpart 4; and
- C. permanently reside in the United States.

Subp. 11. **Default.** "Default" means the condition that exists if the borrower fails to perform any of the conditions of the promissory note.

Subp. 11a. **Default date.** "Default date" means the date the loan is submitted by the office to the loan servicer as a default due to failure to comply with the required terms of the promissory note.

Subp. 12. **Delinquency.** "Delinquency" means the condition that exists when a borrower's scheduled payment of principal or interest or both is not received by the commissioner or the office's agent by the due date.

Subp. 12a. **Commissioner.** "Commissioner" means the commissioner of the office, or office staff who perform duties as assigned by the commissioner.

Subp. 13. **Due diligence.** "Due diligence" means the use of practices by the office in making, servicing, and collecting of SELF loans that are at least as extensive and forceful as those generally practiced by financial institutions for consumer loans.

Subp. 14. **Eligible school.** "Eligible school" means a school that meets the requirements for an eligible institution as defined in Minnesota Statutes, section 136A.155, and either:

A. signs an institutional loan participation agreement with the commissioner that lists the duties and responsibilities of both the school and the commissioner; or

B. is designated by the office as a maintenance-only school. The office shall designate a school as a maintenance-only school if the school participates in the National Student Clearinghouse and the school is not certifying new SELF loans. Maintenance-only schools allow eligible students, as reported by the National Student Clearinghouse, to continue in the in-school period.

Subp. 15. **Eligible student.** "Eligible student" means a student who:

A. is enrolled in an eligible school in Minnesota, or is a Minnesota resident enrolled in an eligible school in another state or United States territory as defined in Minnesota Statutes, section 136A.155;

B. is enrolled at least half time in a program leading to a certificate, associate, baccalaureate, masters, doctorate, or other professional degree;

C. is making satisfactory academic progress as defined in Minnesota Statutes, section 136A.101, subdivision 10;

D. is not currently in default, as defined by each specific program, of any student educational loan program (Stafford Loan, GSL, FISL, NDSL, Perkins, HPL, HEAL, ALAS/SLS, or other similar federal, state, private, or institutional student loan program) at the current or any previous school;

E. is not currently delinquent in payment of interest or principal on an outstanding SELF loan;

F. has a creditworthy cosigner;

G. demonstrates financial eligibility by meeting the "maximum effort" test; and

H. has agreed to the release of information to a consumer credit reporting agency, as listed in part 4850.0012, subpart 4.

Subp. 16. **Enrolled student.** "Enrolled student" means a student who has registered for and begun the loan period at the eligible school.

Subp. 16a. [Repealed, 20 SR 2214]

Subp. 17. **Financial aid.** "Financial aid" includes all money flowing to the student that is contingent upon the student's enrollment at the eligible school.

Subp. 18. **Forbearance.** "Forbearance" means permitting the temporary halt of payments, allowing an extension of time for making payments, or accepting smaller payments than were scheduled.

Subp. 19. **Full-time student.** "Full-time student" means one who is enrolled in an eligible school and who carries a full-time postsecondary level, vocational or academic workload as determined by the eligible school, ending in a certificate or degree.

Subp. 20. **Grade level.** "Grade level" means the relative position of an eligible student in a degree or certificate granting program.

Subp. 21. **Graduate student.** "Graduate student" means a student who is pursuing a program, or has a baccalaureate degree and is enrolled in courses which are normally part of a program, leading to a graduate or professional degree or certificate at an eligible school; and has successfully completed the equivalent of at least three years of full-time study at an eligible school either prior to entrance into the program or as part of the program itself.

Subp. 22. **Half-time student.** "Half-time student" means one who is enrolled in an eligible school and carrying a half-time academic workload as determined by the eligible school that amounts to at least one-half the workload of a full-time certificate or degree seeking student. In eligible schools utilizing clock hours, half-time enrollment includes programs requiring at least 300 clock hours.

Subp. 23. **In-school period.** "In-school period" means the period that the eligible student is enrolled on at least a half-time basis in an eligible school.

Subp. 24. **Late charge.** "Late charge" means a charge, not to exceed \$20, that is assessed against borrowers each time a payment of principal, interest, or both is not paid to the commissioner within 15 days after the due date.

Subp. 24a. **Loan forgiveness.** "Loan forgiveness" means the obligation of the borrower and the cosigner to repay the SELF loan is forgiven due to the death or total and permanent disability of the borrower.

Subp. 25. **Loan period.** "Loan period" means the period for which the student receives the loan. The period begins on the first day of class. It must be at least 30 days in length, and must not exceed 12 months. A loan period may be the same as, or a portion of, the academic year. For example, the loan period may be for a single semester, or quarter.

Subp. 26. **Maximum effort.** To have used "maximum effort" means that the student has applied for and exhausted all eligibility for other forms of financial aid (except work-study, federal student loans covered under Code of Federal Regulations, title 34, part 674, the federal Perkins Loan Program, Code of Federal Regulations, title 34, part 682, the federal Family Education Loan Program or FFEL, Code of Federal Regulations, title 34, part 685, the William D. Ford federal Direct Loan Program, or other similar federal student loan, and HEAL) before applying for a SELF loan. Financial aid administrators must include any financial aid that has been awarded or is expected to be awarded to the student for the loan period.

Subp. 26a. **Office.** "Office" means the Minnesota Office of Higher Education or its predecessors or successors.

Subp. 27. [Repealed, 32 SR 2268]

Subp. 28. [Repealed, 26 SR 1333]

Subp. 28a. **SELF II loans.** "SELF II loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of the SELF II index rate. The SELF II index rate is the average rounded to the nearest quarter of one percent of the bond equivalent yield, for auctions of 13-week treasury bills, during the calendar quarter immediately preceding the interest rate adjustment date.

Subp. 28b. **SELF III loans.** "SELF III loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF III index rate. The SELF III initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. Where terms can be obtained for issuance of SELF loans at a rate favorable to borrowers, the commissioner may establish other indexes or utilize a fixed rate as provided for in the promissory note.

Subp. 28c. **SELF IV loans.** "SELF IV loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF IV index rate. The SELF IV initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. The commissioner may establish other indexes or utilize a fixed rate or maximum rate as provided for in the promissory note.

Subp. 28d. **SELF V loans.** "SELF V loans" means SELF loans where the interest rate on the loan is determined by the commissioner at a margin in excess of a SELF V index rate or is a fixed rate. The SELF V initial index rate is the arithmetic average rounded to the nearest tenth of one percent of the three-month London Interbank Offered Rates (LIBOR) rate during the calendar quarter immediately preceding the interest rate adjustment date. The LIBOR rate is determined by the British Banker's Association. The commissioner may establish other indexes or utilize a fixed rate or maximum rate as provided for in the promissory note.

Subp. 28e. **Temporary total disability.** "Temporary total disability" means a disability resulting from an injury or illness that is expected to last at least four months and that interferes with the borrower's ability to make loan payments. A borrower has a temporary total disability if a doctor of medicine or osteopathic medicine, legally authorized to practice in a state, certifies that the borrower is unable to work and earn money because of an injury or illness expected to last at least four months. A borrower is not considered to have a temporary total disability on the basis of a condition that existed at the time the loan was made.

Subp. 28f. **Total and permanent disability.** "Total and permanent disability" means a disability resulting from an injury or illness that is expected to continue indefinitely or result in death, that interferes with the borrower's ability to make loan payments because the borrower is unable to work or earn money, as certified by a doctor of medicine or osteopathic medicine, legally authorized to

practice in a state. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time the loan was made.

Subp. 29. **Transition period.** "Transition period" means a 12-month period immediately following graduation or termination of enrollment. Borrowers may extend the transition period, if permitted by the terms of the promissory note, an additional period not to exceed 24 months. During the transition period, borrowers are billed for interest only.

Subp. 30. **Undergraduate student.** "Undergraduate student" means a student who is not a graduate student.

**Statutory Authority:** *MS s 136A.01; 136A.04; 136A.111; 136A.134; 136A.16; 136A.1701; 136A.234*

**History:** *10 SR 1852; 13 SR 128; 15 SR 1780; 18 SR 1848; L 1995 c 212 art 3 s 59; 20 SR 2214; 26 SR 1333; L 2005 c 107 art 2 s 60; 32 SR 2268; 35 SR 1092; L 2013 c 99 art 2 s 29; L 2014 c 149 s 75; L 2016 c 119 s 7; 43 SR 831*

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